

## Message Text

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ACTION TRSE-00

INFO OCT-01 EUR-12 EA-10 ISO-00 AID-05 CIAE-00 COME-00

EB-07 FRB-01 INR-07 NSAE-00 RSC-01 XMB-04 OPIC-06

SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-04 CEA-01 L-02 H-02 AGR-10 SWF-01 PRS-01 PA-02

USIA-15 /122 W

----- 055385

R 131630Z DEC 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 6807

INFO AMEMBASSY BERN

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMCONSUL FRANKFURT

UNCLAS SECTION 01 OF 02 BONN 19215

DEPARTMENT PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, GW

SUBJECT: FINANCIAL DEVELOPMENTS (WEEK ENDING DECEMBER 12)

REF.: BONN 18841 AND 18911

1. FOREIGN EXCHANGE MARKET: THE PRESSURE ON THE DOLLAR CONTINUED THROUGHOUT THE WEEK AND WAS FIXED ON THE FINAL DAY AT ALMOST 1 PERCENT BELOW ITS FIXING OF 2.4785 ON THE LAST DAY OF THE PREVIOUS REPORTING WEEK. DURING THE REPORTING WEEK SPOT AND FORWARD DOLLARS UNCLASSIFIED

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DEVELOPED AS FOLLOWS:

FORWARD DOLLARS  
(DISCOUNTS IN PCT. P.A.)

	SPOT DOLLARS	ONE-MONTH	THREE-MONTH
DEC 6	DM 2.4770	2.2	2.0
9	2.4640	1.0	1.6
10	2.4787	1.4	1.4
11	2.4660	0.7	1.4
12	2.4550	2.1	1.8

WITHIN THE JOINT FLOAT ALL CURRENCIES WERE BELOW THEIR UPPER DEUTSCHEMARK INTERVENTION RATES. WITH THE EXCEPTION OF THE NORWEGIAN CROWN AND THE SWEDISH CROWN AT THE END OF THE REPORTING WEEK ALL FLOAT CURRENCIES WERE ABOVE THEIR DEUTSCHEMARK CENTRAL RATE.

2. MONEY MARKET: THE CALL MONEY RATE WHICH HAD EASED ON DECEMBER 4 AND 5 TIGHTENED SOMEWHAT THEREAFTER AND IS NOW AT ABOUT 8.5 PERCENT, THE INTEREST RATE AT WHICH THE BUNDESBANK GRANTS LOMBARD CREDITS TO BANKS. DURING THE R REPORTING WEEK FRANKFURT INTER-BANK MONEY RATES DEVELOPED AS FOLLOWS:

	CALL MONEY	ONE-MONTH MONEY	THREE-MONTH MONEY
DEC 6	8.4-8.6	8.5-8.7	8.5-8.9
9	8.5-8.6	8.4-8.7	8.4-8.8
10	8.5	8.4-8.7	8.4-8.8
11	8.5-8.6	8.5-8.7	8.5-8.8
12	8.4-8.5	8.5-8.7	8.5-8.8

3. BOND MARKET: PRICES OF BOTH 6 AND 7 PERCENT DOMESTIC BONDS SLIGHTLY INCREASED DURING THE PAST FIVE TRADING DAYS. DURING THE REPORTING WEEK THE FAZ AVERAGE YIELDS TO MATURITY OF OUTSTANDING DOMESTIC BONDS DEVELOPED AS FOLLOWS:

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R 131630Z DEC 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 6808

INFO AMEMBASSY BERN

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AMEMBASSY PARIS

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USMISSION EC BRUSSELS

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AMCONSUL FRANKFURT

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8 PERCENT 7 PERCENT 6 PERCENT

DEC 6 10.34 10.29 9.95

9 10.45 10.24 9.91

10 10.46 10.18 9.93

11 10.40 10.13 9.88

12 10.39 10.12 9.8L

ON DECEMBER 6 THE CENTRAL CAPITAL MARKET COMMITTEE  
AGREED ON THE ISSUANCE OF A DM 600 MILLION FEDERAL  
GOVERNMENT LOAN (SEE BONN 18841 AND 18911) WITH THE  
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FOLLOWING CONDITIONS: COUPON 9.5 PERCENT; ISSUE PRICE  
99 PERCENT; MATURITY 8 YEARS; YIELD TO MATURITY 9.69  
PERCENT. THE LOAN WAS OFFERED FOR SALE BETWEEN  
DECEMBER 11 - 13. IN ADDITION, THE COMMITTEE AGREED TO  
THE ISSUANCE OF A DM 350 MILLION LOAN OF THE FEDERAL  
POST OFFICE WHICH WILL BE OFFERED IMMEDIATELY AFTER THE  
SALE OF THE AFOREMENTIONED FEDERAL LOAN. ACCORDING TO  
THE FINANCIAL PRESS THE CONDITIONS OF THIS LOAN WILL BE  
SIMILAR TO THAT OF THE FEDERAL LOAN.

4. DATA ON CHANGES IN BUNDESBANK MONETARY RESERVES AND

BANK LIQUIDITY IN THE FIRST WEEK OF DECEMBER WERE NOT  
AVAILABLE AT TIME OF PREPARATION OF THIS TELEGRAM.  
HILLENBRAND

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC CONDITIONS, DATA, FOREIGN EXCHANGE RATES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 13 DEC 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740362-0991  
**From:** BONN  
**Handling Restrictions:** n/a  
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**Legacy Key:** link1974/newtext/t19741238/aaaabggo.tel  
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**Office:** ACTION TRSE  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** 74, 74 AND 18911  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** MorefiRH  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 30 SEP 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <30 SEP 2002 by ReddocGW>; APPROVED <16 JAN 2003 by MorefiRH>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** FINANCIAL DEVELOPMENTS (WEEK ENDING DECEMBER 12)  
**TAGS:** EFIN, GE  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005